

Amendments to the Specification:

Please replace paragraph [0005]with the following amended paragraph:

[0005] One such ~~system type~~ of such a system is found at Barton Elementary School in Chicago, Illinois, where teachers reward students with “Barton Bucks” for attending class, handing in homework on time, proper uniform dress, answering test prep questions correctly, and writing exceptional essays for class. Students may spend the Barton Bucks they accumulate on “prizes” at a school store. However, the students have a limited array of rewards, since they can only trade the Barton Bucks for the items the school store chooses to offer.

Please replace paragraph [0032] with the following amended paragraph:

[0032] In an advantageous implementation, second party 40 is a major financial services company, such as credit card company [[or]] MasterCard or financial services company First Data Corporation, which creates a credit account for each user 30. In this implementation, first party 10 preferably first determines a monetary value for the points earned by user 30, such as a value in U.S. dollars. Various methods of determining this monetary value may be employed, and may be standard for all points of all users, or may be customized with respect to specific users 30.

Please replace paragraph [0033]with the following amended paragraph:

[0033] For example, the monetary value of the points a user 30 has earned for a particular educational activity 20 may be partially or fully determined based upon money ~~a money places~~ placed on his or her account for that activity. For instance, a parent may place twenty dollars on the account of his child, user 30. If the child engages in the particular educational activity 20 and performs well enough to receive half of the total possible points, he is provided half the twenty

dollars, or ten dollars, that may be used for purchases. The parent may have the other ten dollars applied to other educational activities 20, or possibly withdrawn from the account.

Please replace paragraph [0060] with the following amended paragraph:

[0060] ERC Points may be redeemed, for example, by swiping a child 130's ERC Card at a card swiper located at a third party 40. As with credit card swipers, swiping the ERC Card identifies the child 130 and his or her status, in this case the number of ERC Points (preferably converted here to a dollar or other monetary value) he or she has. Preferably, the child 130 and status are identified by electronically accessing a database, such as the central database described above, or an electronic database controlled by a major financial services company such as ERC Card Provider 140. If the child 130 has enough points (or money where the points are converted) to purchase the item he or she desires the purchase is approved, preferably automatically by ERC Card Provider 140, and the points (or money) are deducted from the account of the child 130.

Please replace paragraph [0061] with the following amended paragraph:

[0061] ERC Card Provider 140 may obtain the information associating the child 130 and the purchases of child 130 directly from the third party 50 when a purchase is made by a child 130. As described with respect to second party 40 in FIG. 1, such access provides great incentive to a business to become ERC Card Provider 140 in the context of the present invention. Additionally, ERC Card Provider [[150]] 140, by aligning itself with the ERC System, increases its exposure to parents of children 130. This may encourage the parents to open accounts or otherwise transact business with ERC Card Provider [[150]] 140. Preferably, an agreement has been made between ERC Points Company 110 and ERC Card Provider 140 to have ERC Card Provider 140 forward the information associating the child 130 and the purchases of child 130 to ERC Points Company 110.

Please replace paragraph [0062] with the following amended paragraph:

[0062] Some of the details applicable in one example of the ERC System is shown in FIG. 3. Some functions that ERC Point Company 110, ERC Card Provider ~~[[150]]~~ 140, and third party 40 may provide in one example are described in FIG. 4.